

I think the time and circumstances are right for us to pass this much-needed legislation. I urge my colleagues to join this effort to pass a strong comp time bill that will be good for workers, businesses, the economy, and America's families.

Let me take a moment to recognize Congressman CASS BALLENGER for his dedicated and untiring work on the comp time issue and to the Chairman of the House Subcommittee on Workforce Protections, Representative CHARLIE NORWOOD, for his strong commitment to this issue. Finally, let me thank the Chairman of the full Committee on Education and the Workforce, JOHN BOEHNER, for his support of America's working men and women.

□ 1730

#### CALIFORNIA ENERGY CRISIS

The SPEAKER pro tempore (Mr. OSBORNE). Under the Speaker's announced policy of January 3, 2001, the gentleman from California (Mr. SHERMAN) is recognized for 60 minutes as the designee of the minority leader.

Mr. SHERMAN. Mr. Speaker, I thank the Democratic leader for assigning me this hour of time. I hope very much that several of my colleagues from California and other western States will come and join me on this floor so that we can discuss together the energy crisis, the electric crisis, the natural gas crisis affecting California and the adjoining States.

In the event that some of my colleagues do not come down and join me, I do not know whether I will spend a full hour speaking about our electric crisis, I will go off and do several other subjects involving foreign policy and my service on the Committee on International Relations; but it is my hope, my expectation that this full hour will be devoted to the electric and natural gas crisis in the West and that several of my colleagues from western States will join me as it proceeds.

I have come to this floor every evening this week to try to eliminate and dispel some of the misinformation about what is going on in California and the West and how we got into this situation. I want to take some time to describe the situation and to describe that some of the insults hurled at the State of California are manifestly not only malicious but false.

What is the situation in California? In 1999, in the year 2000, and again this year, California will use virtually the exact same amount of electricity. In fact, in the year 2000, during the key peak hours, we used less electricity than we did in the prior year. Yet while we are getting the same amount of electricity, we are paying exorbitant prices. In 1999, for this amount of electricity, California paid \$7 billion; last year, for the same amount, \$32.5 billion; and this year, as things are shaping up, it will be \$70 billion, ten times as much money for the same number of electrons.

We have had blackouts in California that we are told are a result of insuffi-

cient electric generation capacity; and, in fact, this summer our capacity may run a little bit below demand. But this last winter we used roughly 33,000 megawatts of electricity, the prior summer, the summer of 1999, we used 45,000 megawatts. None of the plants that existed, when we produced 45,000 megawatts at reasonable prices, was closed down; and yet in the winter we face blackouts, shutdowns. Why?

The answer is that certain plants have been closed for maintenance. I finally found out what "closed for maintenance" means. It means the plant has been closed to maintain a sky-high price for every megawatt. The number of plants closed for maintenance month after month after month over the last 9 months has been double, triple, sometimes quadruple the number of plants shut down in that same month 12 months earlier, or the prior year. Somehow, plants are closed for maintenance.

Keep in mind that one would expect during an energy crisis that the whole world is aware of plants would be closed for maintenance less because they would bring in crews to bring those plants back online. Folks would work overtime to get the electricity that the State needs. I have seen how quickly things can be repaired or maintained after our 1994 earthquake in my region of California. Yet now, when we need to maintain the most, we need the maintenance to take place the quickest, plants are shut down three times as much and huge chunks of what would be the supply of electricity are unavailable. Closed for maintenance.

As a result, the price is enormous. And that enormous and outrageous price is not for all the electricity we buy. Sixty percent of the electricity, roughly, in California, is still subject to rate regulation and fair prices are being paid. So that enormous, huge, unjustified transfer, the \$63 billion extra we will pay for what a couple of years ago we called \$7 billion of electricity, that all goes to roughly 40 percent of the producers. Those are the producers who came into our State and bought our electric plants from our local utilities as part of the wildly touted deregulation plan over the last several years. So we are paying 10 times the price, and almost all of the extra profits are going to 40 percent of the producers.

This is a deregulation experiment that has not worked. We might ask, how did California get into this? There are a few things: first, we did not expect that these private companies would close certain plants for maintenance in order to charge 10 times the going price for the electricity they did produce in other plants. We did not expect the gougers to prevail. And, second, we expected that if this deregulation did not work, we would reverse it.

Every experiment carries with it the possibility of a mistake; and time and time again when we try something out,

we may have to reverse the situation. What we found, instead, was a power in the White House capable of using Federal law to prohibit California from going back to the regulated market that had served us relatively well for over 80 years. So we have a situation not where California does not have the generation capacity it needs. Frankly, we ought to have more. We ought to have a margin for safety, a surplus of available electricity. But no one thought that just because supplies were a bit tight that we would be paying 10 times, 20 times the fair price for the kilowatts provided to us by these independent companies, many of which are based in Texas. And we certainly did not believe that if this system did not work that we would be prohibited by Federal law from going back.

Now, what is the effect that this has had on California? Business bankruptcy, layoffs, and blackouts. And I do want to point out that up until recently, and I think even this summer, the blackouts are relatively modest compared to the news reports. A blackout is reported often when only one out of 100 or maybe one out of 30 of our homes loses power for 1 or 2 or 3 hours. But we expect that this summer there will be 30 to 50 days when one out of 30 or one out of 100 of our homes loses power; one out of 30 or one out of 100 of our businesses loses power.

It is not just the physical effect of the blackouts; it is also the psychological and business effect. How is our State supposed to attract business? How are we supposed to inspire our current businesses to expand? How are we supposed to be the driving force in this national economy when people see and talk about or are preoccupied with the blackouts in electricity? And even if there was not a single minute of blackout for a single consumer, the prices are enormous and the price effect would, by itself, cause a steep economic problem for the State of California.

Now, when a State is suffering not one but three disasters, a disaster because of blackouts, a disaster because of a decline in investment in our State, and, most significantly, enormous bills, three disasters, one would think that a representative from that State would be here before the Federal Government pleading for Federal money, money from all of my colleagues' districts to help the people in my district. I am not here to do that. That is not what California needs most. And, in fact, with a little bit of change in law, we would not need it at all.

I am not asking for electricity from my colleagues' districts. Except for the western States, it is impossible to send electricity into California. Do not mail us your batteries. Even in the western States, we are not asking for any other State to experience blackouts or shortages in order to supply California. I am not even here to ask for sympathy. It would not hurt; but, yet again, that is

not what California needs. What California needs is to have our hands untied. Do not take the right to regulate these prices away from us, bring that right to the Federal level and then refuse to allow the regulation.

Yet that is what Federal law does. Federal law says that these independent generators, because they do not have retail customers, are not subject to our regulation. But that is okay, because the Federal Energy Regulatory Commission is supposed to do the job. The law says that they are supposed to assure fair and reasonable rates. And they have determined that California is being gouged. Yet they have decided to do absolutely nothing about it but sit back and smile and watch as billions of dollars, perhaps this year as much as \$63 billion, are transferred from California consumers into the treasuries of a dozen very wealthy corporations, most of them based in the home State of the person who happens to control this administration and the Federal Energy Regulatory Commission.

We have a dereliction of duty in this administration. What do we do about it? First, we expose it, and we urge that the President get on the phone and demand that the Federal Energy Regulatory Commission finally do its job. Second, we turn to Congress, and we ask what about a piece of legislation requiring the Federal Government to do its job. Either of those would accomplish the task. A third possibility is that Federal law would simply be modified and say as long as we are going to sit here and say California has a problem, California ought to solve it. If the Federal Government is going to do nothing to help us, the least that could be done is to transfer the authority to regulate these generators back to California State government and then we will do the job.

Why are none of these things being done? Well, I have alluded to it. There is tremendous support in this administration for the rape of California. Some have said that is because California did not vote for this administration. I think, instead, it is because the beneficiaries of this rape have such close ties to the administration. Some have pointed out that not only is there a huge flow of money from California to these dozen or so corporations, but then there is a huge flow of money from those corporations to the party of the present administration and that these companies were instrumental in funding the Presidential campaign of this administration.

□ 1745

There is perhaps a third reason, or at least a pretext. What does this administration do for California with regard to regulating these energy rates? They lecture us. The lecture goes something like this:

You are suffering. There is nothing we are going to do to help you. We are going to continue to tie your hands,

and you are going to like it because we are going to tell you the economic theory that tells you why you should be happy why there is no regulation. We will make the decision for you, but we will not suffer any of the consequences of this decision.

How does this lecture go? It goes something like this:

It is based on economics 101 at every college in this country. It says if you want more electricity, you have the price unregulated. You have the price go up. And if the price goes up, people will use less and the producers will produce more.

Let us examine that. It makes perfect sense unless there is monopoly power. But in our market there is that monopoly power, and that is why economics 101 is not enough and lectures and condescending comments to California are not enough.

First, as far as using electricity, California is second on the list, second only to Rhode Island in terms of conserving electricity, and those statistics were before we began our Statewide conservation plan. Californians today are conserving, and we are going to conserve more. We do not have to bankrupt our businesses to inspire conservation.

But what about the main part of the argument? The argument is if you allow the price to go up and up and up, producers will produce more. Now that is certainly true where there is no monopoly power. If the price of iceberg lettuce went to up \$2, more farmers would find more land on which they could plant iceberg lettuce and there would be more production. But that is because there are tens of thousands of small producers or farms that could be producing iceberg lettuce, or any other farm commodity. That is what 101 economics is all about, those markets where you have thousands of small producers.

That is not our market for electricity. Keep in mind the electric grid for California extends only to the adjacent States, all of which are smaller in population and economy than we are, even when combined. So we cannot import electricity from the other States. The market is only the western States.

Second, electricity gets used up as you transmit it. You lose about 10 percent of the electricity for every 300–400 miles that you transmit it; so even if we did have electric grids connected, you would lose well over half the power in trying to move it that far. So the market is limited to those who can produce electricity in the western States.

There you have a few producers who have seen that they have market power. They have seen that even if all of the electricity is produced from the plants that are owned by our local utilities, and all of the electricity is produced from the Pacific Northwest hydroelectric plants, which cannot produce very much this year because of a drought, and all of the electricity is

produced that can be produced from our municipal electric companies, there is still a need for virtually all of their plants to be on-line.

If they can shut down 10 or 20 percent of their plants, the price skyrockets. So let us bring it down to numbers. If we had regulation of these private producers, then let us say a plant that could produce electricity for \$30 a megawatt could sell it for \$50, the company that owned that plant would say, we make \$20 for every megawatt, the more megawatts we make, the more profit we make. Lets maximize production. Regulated price would lead to maximized production.

But let us say it still costs \$30 a megawatt to produce electricity, but the owners of these plants realize if they shut down a couple of turbines, and a couple of their buddies shut down a couple of their turbines, that the price will go not to \$50 a megawatt but to \$500 a megawatt.

Then they realize by producing a little bit less, they make a whole lot more. By creating a situation where we have to blackout 1 or 2 percent of the State, they are getting the maximum price for every megawatt they produce.

So that is why lectures based on the most simplistic models of a free market economy do nothing but a disservice. I do not know if this is a mere pretext at the White House and they know full well that their reasoning is suspect, or whether the White House is dominated by those who only took the basic course in economics and they feel passionately that somehow their imprisoning of California, them taking the decision-making power away from California, they may believe that it is somehow in our interest. Certainly facts have proven them wrong.

We have the same demand in California that we had a couple of years ago. Pretty much the same demand as a couple years before that. We know that price regulation works, gives us reasonable bills, gives us reliable power. The current situation is obviously a failure.

So only if you close your eyes to any advanced division courses in economics, and close your eyes to everything actually happening in the West, can you reach the conclusion that the absence of rate regulation on these private utilities is helping California. Yet that is what we are told.

In an effort to distract us from how abysmal Federal policy is in this circumstance, they have come up with another argument. That argument is that there is something evil about California and California deserves to be punished, it is all their fault. Every bit of suffering by every Californian is somehow the fault of some divinely ordained morality play, and has nothing to do with the economic regulation or lack therefore that comes from Washington.

This is, of course, a distraction. It makes no sense. Even if you think that California made tragic mistakes in its

decision-making process, that is no reason not to regulate the price at which electricity is sold by these independent generators. Even if you say these wounds are self-inflicted, that is no reason to let the patient die when you know how to cure him. But the fact of the matter is that all of the attacks on California are not only insulting, they are also false.

The biggest attack against California is that our environmentalists prevented private industry from building plants in California when private industry knew that those plants were needed.

Mr. Speaker, there are five reasons why it is absolutely provable why California environmentalists and California decision-making is not in any way at fault, did not prevent the building of plants in California. I can prove that with five different independent reasons.

Mr. Speaker, I yield to the gentlewoman from California (Ms. SANCHEZ).

Ms. SANCHEZ. Mr. Speaker, while many are trying to make this out as a California problem, it is my belief as an American that this is a problem for America, and we must not only address the California situation, but we also should be addressing this as a long-term policy and energy policy really for the United States.

Mr. Speaker, I think there are a lot of great States. All 50 States are great. Hawaii is beautiful. I was just down in Florida, it has great beaches. Who would not be envious of the New York Stock Exchange or the Blue Ridge Mountains or Aspen in Colorado? There are a lot of great things around our Nation.

Sometimes I think that people think because California is a wonderful place and we have had a great and strong economy for the past 8 years, we should be punished because something is happening in our State. The reality is that California is the sixth largest economy if it were a stand-alone Nation in the world. In a sense, we are even a larger part of what happens in the United States.

One of the reasons that we have been very successful with respect to our economy is that we are a part of America. We have this ability to trade across all of the State lines. We have an ability for people to move between the 50 States. We share ideas. We get people who come to our universities from other States. We are connected as a country.

Mr. SHERMAN. Absolutely.

Mr. Speaker, there are 50 great States. Some listening to my earlier remarks maybe thought that I thought there were only 49 great States, and I was somehow criticizing Texas. Texas is also a great State. I talk to my colleagues from Texas, and they are almost as upset as you and I are, that a dozen companies or half a dozen companies, many based in their State, are jacking up the prices. That does not reflect on the ethics of the average

Texan; and it is of no benefit to the people of Texas.

We have 50 great States with great people in every one of those States.

Ms. SANCHEZ. Mr. Speaker, where goes California, so goes the rest of the Nation. Other States should take notice of these problems because other States will face these problems also.

What has happened, our economy has expanded so greatly, we never imagined that this type of energy draw would be required in California. Many say Californians are environmentalists and did not build plants. We can take a look and know it was not because of environmental regulations we have in California that we were not getting some of these plants on-line, part of it is a wider problem that happens with a lot of infrastructure, and that is the not-in-my-backyard problem that happens with so many things, whether it is a jail or an airport or a utility plant.

I think the rest of the States need to understand we need to fix this in California and in the western States because when it is your turn, you want to learn from us about how not to head into this problem.

Mr. SHERMAN. Mr. Speaker, I would point out that I think we have saved quite a number of States from disaster. How many of our Members have said to me, my State was thinking of deregulation. Boy, we stopped that one in a hurry.

I would point out that yes, there are situations where people say build it somewhere else, not in my backyard; but if you look at generating facilities, that was not really the case in California. There are other important facilities where you and I are aware that it ought to be done somewhere, and we cannot quite agree where.

But in the case of generation facilities, it was not either local communities saying not in my backyard nor environmentalists saying do not do it anywhere in the State, it was the absence of any private company that really wanted to build a plant.

I cannot find a single Member from anywhere in California that said that a company wanted to build a plant in my community, and they were prevented for this or that reason. They made this try, they worked with local people, and then they had to go away. We can all mention other facilities or things that they thought of doing in our districts because people did not want it.

□ 1800

Electric facilities are not on that list.

Ms. SANCHEZ. These facilities, as the gentleman knows, of course we have a couple coming online, one even as soon as the end of this summer.

Another problem that we have had is the transmission or the grid process by which we are able to transmit this energy. In fact, if one does not see it, one probably does not think about it. Think about all the people who were just used to flipping on the switch at

home and never thought that electricity really came from somewhere. It was never given a second thought. There are many cases like this.

I think of the water problems that our country will face in the near future or sewage problems, for example, that we see many of our cities now where their underground piping has worn out, and there is not the money to replace that unless we do it at a Federal level or with some grant process or with a real thought to what is happening underground.

So I think a lot of times we get calls about fix the transportation system, or I am stuck in traffic or my plane was left on the tarmac for too long; but these other issues of will the electricity come on, will the water flow, are things that if one does not see it, we are not asked to fix it. We are not necessarily working or putting the political clout or the monies behind that.

I think as a Nation we need to understand that these problems are all of our problems, and we need to come together with good policies to fix this.

Mr. SHERMAN. Mr. Speaker, I thank the gentlewoman from California (Ms. SANCHEZ) for her comments.

Mr. Speaker, I will share the five proofs that there were no bars toward building plants in California.

The first is it is simply not true. We are elected officials, some would say politicians. When a private company wants to build something big and they run into problems, that becomes an issue; and we all become aware of it. One of the first things they do is seek a meeting with whatever Members of Congress are in that area, with our friends in local government and State government; and sometimes we might support a project, sometimes we might think it is a bad project, but there is never a situation where there is a huge controversy over whether government will allow a big plant to be built and no politician knows about it.

One cannot have a governmental controversy without having elected officials know about it. We know that there was not a situation where people wanted to build power plants and were not allowed to.

The second proof is that for the 8 years of the prior Republican Governor, who, after all, served until just a couple of years ago, 8 years of a man who was often compared to then-Governor, now-President George Bush, not one plant was even applied for, not one, in a serious way. Not one application was approved by that Republican Governor for 8 years. That is not because Governor Pete Wilson was an environmental crackpot, because he was not. That was because nobody wanted to build plants in California.

How do I know nobody wanted to build plants in California? During the last several years, our local utilities had been selling off their existing plants, and they tried to get a good price for them. They really did not get a very good price for them. Why would

anybody say I am desperate to build a new plant, but the California environmentalists will not let me if they will not pay a decent price for a plant that already exists?

We know that when something cannot be created because of environmental regulations, the old ones sell for more.

I am proud to represent Malibu. It is beautiful. A lot of people would like to live on the beach in Malibu. Now there you have environmentalists who will not let you build a beach house in Malibu and will not let you build a big beach house in Malibu, and will not let you build a tall beach house in Malibu.

One can be sure that they cannot buy an existing tall, big beach house in Malibu at a bargain price. One cannot buy it at a bargain because they cannot make any more. There is a shortage of beach houses in Malibu compared to the people who want them. There was not a shortage of power plants compared to those who wanted to buy them or build them.

In addition, and I have talked to some of the top scientists about this, an electron does not know when it crosses a State boundary. So if one is going to build a power plant, they are not building it to serve California. They are building it to serve everything within about 400 or 500 miles of that power plant, maybe a bit further. They are connecting it to the western grid, which includes every State from New Mexico to the State of Washington. That is the grid electricity can be sent on, and one can build anywhere in those States in order to supply those States.

So for us to believe that there were these companies that desperately wanted to build power plants and the evil California environmentalists would not let them, one has to believe that the evil environmentalists of Nevada would not let them build. I mean, when was the last time we were told that Nevada State government was in the hands of environmental crackpots? That is not what we hear.

So, in fact, there was no major effort to build plants anywhere in the West, both where environmentalists are strong and where environmentalists are not particularly strong, and there was no tremendous desire to own a power plant that already existed because even today if it had not been for a drought, an unexpected drought in the Pacific Northwest, there would not be a shortage. In fact, up until today I am not sure that there was a single day that the existing power plants were not capable of generating all the electricity that was demanded.

The reason for the shortage is not that plants were not built. The reason plants were not built was because there was not considered to be the likelihood of a shortage. Instead, the reason there is a shortage is that by creating an artificial shortage, they are able to drive the prices higher.

So I do not know if my colleague from Orange County has additional comments.

Ms. SANCHEZ. One of the other myths that we have heard is somehow that Californians are just these consumption hogs with respect to electricity. I think we were looking at some statistics the other day that showed that of the 50 States, we are behind Rhode Island, number two in the least amount consumed per person in any State as far as the electricity that we use.

So when people say we all are just consuming too much and leave all the lights on and we are just not paying attention to what is going on, we are actually one of the best States with respect to consumption of electricity per person in the entire United States. So I would like to dispel that myth where people are saying we just use too much energy, or we use more than the energy we should use.

Also going back to the fact that this is a concern for America, there are plenty of times, and we have seen these numbers over and over, where we send a lot of tax dollars to Washington and we are what one calls a donor State. We never get as much money as we send to Washington back into California. It is usually put in the pot out here; and when relief is going on for floods in areas or droughts in areas or tornadoes in areas, our money usually goes to help other States who are in need.

I would just say again that from a California perspective we are a team player. We want to be a part of the overall economy in the United States; and what has, I think, really angered some Members who are from California and the Pacific Northwest, and also many Californians, is that we have had an administration here in Washington who has basically said you all fix it; it is nobody else's problem. I think that is a very short view of what is really happening out in California.

Mr. SHERMAN. I do want to point out that those who say it is your problem, you go fix it, are the same ones who have tied our hands behind our backs, because it is Federal law that says we are not allowed to impose rate regulation on these independent utilities. So they sit there. We can almost hear the muffled laughter as they say it is your problem, go fix it, and, oh, let me strengthen those ropes just to make sure they are tight. Let me gag you as well so you cannot complain about those ropes.

I would give you an analogy here. Imagine that your home is burning down. Now, you might have one neighbor on one side of you that does not help you. Okay. But then you have the most malevolent neighbor who goes in, grabs your hose, impounds it, and then gives you a lecture about how it is your fault your house is burning, you should have read the 12 points about fire safety while your house is becoming a cinder.

California is burning. The hose is the right to regulate the wholesale price of electricity. That hose is being impounded by Washington, D.C.; and those who impound it are lecturing us. They are saying you do not need a hose to put out a fire. You need a lecture about how this fire is your fault.

Needless to say, this summer Californians will be getting those electric bills. Now, with other products, when I want to know where something was made, I pick it up and look for the tag on the back. Well, Californians are going to grab their electric bill, they are going to look for the tag on the back, and it is going to say, made in the corporate suites of Houston, under license from Washington, D.C. That is not the way this should happen.

That is why the bill that I am down here to speak for, a bill that many of us, I believe the gentlewoman has, have cosponsored was put forward by our colleague, the gentleman from California (Mr. HUNTER), one of the most conservative Members of the House, cosponsored by the gentleman from California (Mr. CUNNINGHAM). I cannot even characterize how conservative the gentleman from California (Mr. CUNNINGHAM) is. When was the last time you cosponsored a bill from the gentleman from California (Mr. CUNNINGHAM)?

Ms. SANCHEZ. I am from conservative Orange County.

Mr. SHERMAN. Excuse me. Excuse me.

My colleague, the gentleman from California (Mr. GALLEGLY), with whom I represent Ventura County, why are conservative Republicans sponsoring this bill? Because it is the right thing to do.

In the Senate, the bill is Feinstein-Smith. So there is bipartisan legislation, bicameral legislation blocked by the White House, while the problem continues.

Ms. SANCHEZ. One of the things that we have really asked for is sort of a time-out, a time to set some prices where we can take a look at where supplies really artificially taken off the markets in order to increase the price that we have had to pay in California. What is the real demand that we are facing now and the demand that we will face in the near future, and what suppliers do we really have, and will that be enough and what will be a time line? Really a time-out to make a plan of what happened, what is currently happening and what we must do for the future.

One of the things that we have asked for is maybe about a year's worth of some caps so that we can take the time to really understand the problem, rather than to try to legislate off the cuff, without enough information, which might make us have the situation worsen for California and for others. We are not asking for price caps for the next 10 years. We are just asking for some time in which we can understand the situation and with some bright

minds sit down and think of the solution for this problem.

Mr. SHERMAN. I might add, in describing the bill that we both support, it is indeed temporary; just a couple of years. It is being called price caps. It is actually something that is less opposed than price caps by those that oppose it. It is cost-plus-profit regulation. So it is not like we turn to every producer and say you cannot sell for more than \$50 a megawatt. If you have a wind farm that was expensive to build and it cost you \$80 a megawatt, 8 cents a kilowatt, we will let you sell for \$90 or \$100. So it is cost plus profit and that cost includes depreciation of your equipment. So it is a fair price for each producer, plus a generous profit.

Also the bill does call for investigation. We do need to investigate what has happened and how we have been gouged.

I would point out that the California Public Utilities Commission has done an investigation already. Not that we do not need to investigate more. They concluded that, yes, supply was withheld in order to move up the price.

There is another element to this bill and another element of the crisis that I do want to mention, and that is the natural gas crisis.

Now, throughout North America the price of natural gas has more than doubled, and that doubling is tough on many people around the country; and yet it is hard to say that that results from monopoly power.

□ 1815

There are thousands of producers of natural gas, and natural gas is a wonderful fuel. Its prior price had it cheaper than oil; now it is equal with oil in terms of the Btus it produces, and it burns clean. But in addition to this doubling of the North American price, the cost of moving natural gas from Texas and New Mexico and Colorado, where it is found, to California, went up by a factor of 12. So we pay more to move natural gas 800 or 900 miles than is the value of the natural gas. The shipping costs exceed the product cost. 12 cents.

Why did that happen? Again, the Federal Energy Regulatory Commission came up with a bright idea. They punched a giant loophole in their regulation of the four big pipeline companies. Talk about market power. There are only four of these companies that have major pipelines bringing natural gas to all of California. Big loophole. They jacked up their price. Amazing. The FERC.

It is no surprise that many Californians say, we have been FERC'd. This bill, and it makes an awful lot of sense, will provide for a resumption of what we have had in this country for decades, and it has worked well for decades, and that is cost-plus-profit regulation of these pipelines, because we can have tens of thousands of producers of iceberg lettuce. We can have thousands of producers of natural gas

in various wells around the country, but it is simply natural that we are only going to have three or four major pipelines going from one particular location to another, or three or four pipeline companies. So that is why we need regulation. That is why for decades and decades we have had it. When we lost that regulation, we end up paying a huge amount.

Now, not only does that hurt us in our natural gas bills. I cook with natural gas, heat with natural gas, the bill goes out of sight. But also, it is built into the price of electricity, because that is the fuel that we burn in those fossil fuel plants that generate electricity in our State. So it creates a higher price for electricity and it also creates an incentive, as if an extra incentive was needed, for some of those companies to withhold production. When they withhold production, they burn less natural gas, and they jack the price up. If they operate at full tilt, they have to pay for that natural gas at those monopoly transportation prices.

So we do need to regulate natural gas transportation charges. We do need to investigate what has happened in the markets. We do need temporary cost-plus-profit regulation of those who generate electricity in the west.

Ms. SANCHEZ. Mr. Speaker, again, I would caution the rest of the country that if this can happen to California, which is one of the largest economies around, imagine that it could happen to someone else's State also. We really need to step back. This, I think, is an emergency in California, in particular, in the next 4 or 5 months during the hot summer of California. But this is a bill about stepping back and taking a look and learning from this so that we can, in an overall plan for the United States, make an energy policy that works for each State and for all business people and homeowners across the Nation.

Mr. SHERMAN. Mr. Speaker, I want to shift just a little bit, because we are so preoccupied, quite naturally, with the short term in our own State, and talk a little bit about conservation and how important it is.

Now, the problem we have is that the President's budget and, frankly, this Congress, over its last 6 years of Republican control, has underfunded research, renewables and conservation; that, in fact, we have seen a tremendous savings of energy in this country due to our limited success in those areas. Even with that limited success, we have saved, I think the figure is a couple hundred billion dollars worth of energy, because we use renewables, because we have done the research, because we have conservation and greater efficiency.

So what did the Congress do during the 6 fiscal years it was in control while President Clinton was in the White House? Every single year, the amount spent on conservation efficiencies, renewables and research was

cut. The total cuts probably meant that during the 6 years, we did 4 years' worth of the research, at least the amount provided for in President Clinton's budget. But then, starting with that lower amount that is in fiscal year 2001, the President submits a budget that shows a one-third reduction from that lower amount in the amount spent on research, renewables, conservation and efficiency.

Not good. So then, realizing that the country realizes that we have an energy crisis, that we need money spent on renewables and research and conservation, the President issues his energy plan. His energy plan was a beautiful, slick book put out by his press office, a wonderful press document, and in that plan he has \$2 billion for clean coal, he has tax credits for conservation, he has money for research. It is all there in the pamphlet.

Ms. SANCHEZ. But it is not in the budget.

Mr. SHERMAN. But the pamphlet is not the law. The budget he submitted slashes the money. Then that budget is the basis of the tax cut that they are going to have us pass tomorrow, the next day, whenever they get it written. So that is going to cut the revenue available. And they are going to leave out of that tax cut several other important tax cuts that are necessary to make that tax cut work, so they are going to come back with a second tax cut bill, and then they are going to say, well, fine, we will agree to spend the money on clean coal as long as you take the money out of the Social Security Trust Fund.

Mr. Speaker, that is a nonstarter. There is no money in the budget for these conservation, research and renewable programs. The budget will be locked in with the tax bill, and there will be no money appropriated. That is perhaps why the White House needs to see blackouts, because in the light of day, there is an obvious contrast between telling people you are in favor of conservation and renewables and research and efficiency, and then, in the dark of night, passing the budget and tax bills that make it absolutely impossible to effectuate what you claim you want to do.

Ms. SANCHEZ. Mr. Speaker, is the gentleman telling me that this tax cut that we are going to see voted on by the end of this week would really take away our ability to fund or put into the budget, really fund programs in the coming year, as we do our work, the programs that his slick booklet talked about? These booklets of energy, of fuel cell, these research and development programs for cleaner technologies? We know that his original budget coming here to us cut significantly, had a very paltry sum, and that when his administration, President Bush's administration said, cutting back on consumption is not really the way to do this, and people were upset that he did not look at conservation and new technologies; that he turned

around and talked about these, but the reality is, his budget and the numbers that are reflected by that budget and what we have here is documents and working documents tells a different story.

Mr. SHERMAN. Mr. Speaker, that is exactly what I am saying. We do not know what is in that tax bill. As I understand it, there is no Democrat in the room where the tax bill is being written, although they call it a conference committee. But we do know that when they emerge, one-third to one-half the benefits will go to income tax reductions to the wealthiest 1 percent of Americans. That is not in return for that group or any other group investing in clean coal or conservation; that is just a tax cut.

So while the President's plan calls for tax credits for conservation, for renewables, there is nothing in the tax bill that provides the tax credits that the President does the press conference about. That is why perhaps the real view of this administration, one that they have back-peddled from when it hit a fire storm, but their view was reflected in the comments well-known by the Vice President when he said, conservation may be a personal virtue, but it is not the sufficient basis for a comprehensive energy policy.

I think we need to respond. And that is, excessive energy company profits and environmental despoliation and destruction is not a sufficient basis for a comprehensive energy policy. What we need short-term for California are those rate regulations, and what we need in addition to some of the infrastructure improvements that the President talks about is a real dedication to conservation, to research, renewables, and "real" means you put it in the budget and you appropriate money for it. Not a real good pamphlet, but a real good law.

Ms. SANCHEZ. Mr. Speaker, being from California or going to New York or these research institutions where they are doing the research, these people are so optimistic, the researchers. They are looking at fuel cells and alternative fuels and different ways, rather than to use fossil fuel for the future. I mean, when we think of our country and this whole new technology and new economy that we are going through. I think if, in 1960, President Kennedy could say, we need to get a man to the moon and we could develop that technology that did that by July of 1969.

I am very familiar with that, of course, because it came out of the area that we represent, that certainly, with all of the new technology, with the research, if we just put money into that and let these people go at it, that in 5 or 6 years, we would completely change the type of energy that we use to run our cars and run our businesses and our homes.

Mr. SHERMAN. Mr. Speaker, if I can just add some of the statistics to back this up. Earlier we were talking about

getting plants permitted. During the 8 years in which we had a Republican governor, we had zero plants permitted. Just in the last 2 years under a Democratic governor, 14 plants permitted, seven are under construction, four of them are going to be on line this summer, another four or five will be on line before we hit the problems of next summer. We will have 8,500 megawatts on line. That is moving forward.

But getting back to renewables and research, as I said, the budget put forward by the President cuts renewables and research and energy efficiency by about a third. We were talking about how successful energy conservation has been. Americans have saved 4 times more energy through efficiency, conservation and renewables over the last 20 years than has been produced from new sources, new finds, of fuel in the United States.

And Americans have saved \$180 billion, I might have thought it was \$200 billion earlier, \$180 billion over the last 20 years. That is just because we are using less energy than we would have, because we have got this technology and that is saving \$200 for every dollar that the United States has invested in developing these renewables, developing conservation systems. If we go up to a wildlife refuge and we drill for oil, we get the oil, we destroy the environment, and then the oil is gone. If we invest in the technology that allows us to use less oil, we use that technology this year and next year, the technology is never gone, the technology, if anything, is improved year after year. That is why if we are looking for a long-term solution, we cannot get it unless we have a real dedication, not just a press office dedication, to renewables, to conservation, and to research.

Ms. SANCHEZ. Mr. Speaker, I want to thank my colleague from California for taking this hour to discuss and to dispel some of the myths that people around the country have heard about Californians and about what we are facing there. I hope that many of them will take the time to read the real information and to understand that where California goes, so does the rest of the Nation. I want to thank my colleague for the time given.

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Mr. SHERMAN. Mr. Speaker, I want to thank my colleague from Orange County for participating in this special order. I think we have covered the subject well.

#### COMMUNICATION FROM HON. RICHARD A. GEPHARDT, DEMOCRATIC LEADER

The SPEAKER pro tempore (Mr. OSBORNE) laid before the House the following communication from RICHARD A. GEPHARDT, Democratic Leader:

HOUSE OF REPRESENTATIVES,  
OFFICE OF THE DEMOCRATIC LEADER,  
Washington, DC, May 24, 2001.

Hon. J. DENNIS HASTERT,  
Speaker of the House, House of Representatives,  
Washington, DC.

DEAR MR. SPEAKER: Pursuant to section 1092(b) of the Floyd D. Spence National Defense Authorization Act, I hereby appoint the following individual for appointment to the Commission on the Future of the United States Aerospace Industry: R. Thomas Buffenbarger of Brookeville, Maryland.

Yours Very Truly,

RICHARD A. GEPHARDT.

#### IMMIGRATION

The SPEAKER pro tempore. Under the Speaker's announced policy of January 3, 2001, the gentleman from Colorado (Mr. TANCREDO) is recognized for 60 minutes as the designee of the majority leader.

Mr. TANCREDO. Mr. Speaker, I rise this evening to talk about an issue that I care very much about and one I hope that will garner the attention of this House during the 107th Congress. It is an issue that is seldom discussed, unfortunately, although I consider it to be one of the most significant problems, one of the most significant issues facing the United States from a domestic policy standpoint, and that issue is massive immigration into this country. I hope that we can demonstrate tonight to everyone, to my colleagues and to those listening, the numerical realities of mass immigration and some of the burdens that come with it.

Mr. Speaker, since 1970 more than 40 million foreign citizens and their descendants have been added to the local communities of the United States of America. Just last month, The New York Times reported that the Nation's population grew by more in the 1990s than in any other decade in the United States history. For the first time since the 19th century, the population of all 50 States increased, with 80 percent of America's counties experiencing growth. Demographic change on such a massive scale inevitably has created winners and losers here in America. It is time that we ask ourselves, what level of immigration is best for America and what level of immigration into America is best for the rest of the world?

Now, as we have witnessed, Mr. Speaker, the previous speaker spent some time discussing the problems of energy in California specifically, or I should say the lack thereof. Of course this is a monumental problem facing the Nation. Something almost unbelievable is happening to us, a Nation, the richest Nation on the face of the Earth is now experiencing, in one of the richest States of that Nation, rolling blackouts, energy shortages. How can this be? The previous speaker had some idea as to why it occurred. But, of course, it is only a symptom, Mr. Speaker. All of the problems experienced by California and that will most certainly be experienced by other